M0370088
cc: Tom

CONSTELLATION COPPER CORPORATION
LISBON VALLEY SITE VISIT

SEPTEMBER 16, 2008

		Responsible	Timing
1.	**Introductions and Responsibilities**	**M. Herman**	**8:30 to 8:45**

-Michael Herman / Insurance Broker
-Agency
  -Paul Baker
-AIG Representatives
  -Adam Garrison / Underwriting Engineer
  -Joseph Mattiassi / Claims Supervisor
  -Margaret Churchill / Analyst
-Mine site personnel
  -Bob Frayser / Mine Manager
  -Lantz Indergard / Environmental Manager
-Corporate
  -Mike Attaway / VP Operations

2.	**Objectives**	**M. Herman**	**8:30 to 8:45**

-Review AIG inquiries
  -claims issues
  -reclamation bond
  -reclamation scope, cost and timeline
-Familiarize AIG staff with mine facilities (dumps, heap, SX)
-Tour site and review scope of reclamation activities
-Review interaction with State Agency - beginning Jan 08
-Review reclamation cost projections
  -internal estimate
  -agency estimate
-Establish lines of communication

3.	**Site tour**	**L. Indergard**	**8:45 to 10:45**

-disturbed areas- Sent hauls, Dump C, Phase II hauls, Dump B
-reclamation completed to date
-equipment and staffing
-planned activities

4.	**Review interaction with State Agency**	**L. Indergard**	**11:00 to 11:45**

-Staffing Changes
-Current bonding review solicitation
-Inspection reports

5.	**Review reclamation cost projections**	**L. Indergard**	**12:30 to 1:30**

-Summary cost projections
  -Scope of work per facility
  -Methodology - GIS mapping/tracking and equipment selection
-Clarification of original Plan of Operations
-Reclamation completed to date
-Validation of cost estimates based on actual results
-Verify reporting requirements and presentation formats

6.	**Develop action plan and timelines**	**All**	**1:45 to 3:15**

-Review responses to AIG inquiries
-Requested programs and contract modifications
  -Coverage
  -Term
  -Funding requirements
  -Surety arrangements
-Confirm lines of communication

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CLAIMS ISSUES

1. What are the anticipated reclamation costs over the next month/quarter/year?
2. Who at Constellation Copper is managing the overall reclamation process? Is it Lantz Indergard?
3. What is the status and availability of equipment owned by Constellation and what has to be rented?
4. What is the status and availability of Constellation employees to perform the reclamation work in-house (rather than subcontracting this work)?

RECLAMATION BOND

1. What is the current value/status of the reclamation bond?
2. Has Constellation Copper met face-to-face with the Utah regulators yet?
3. Has the State of Utah given any indication as to whether they will reduce the bond amount or leave it at its current value? Have they provided a timeframe for their review?
4. If the State of Utah decides to leave the bond at its current level, how will Constellation Copper proceed? When will Constellation Copper apply for a bond reduction for reclamation work that has been completed? When would Constellation Copper apply for a bond reduction for reclamation that is not required because the disturbance did not occur? How long does it typically take for the State to review and reduce the bond?
5. Has Constellation submitted any requests to reduce the bond for reclamation work that has already been completed or partially completed?

RECLAMATION SCOPE, COST, and TIMELINE

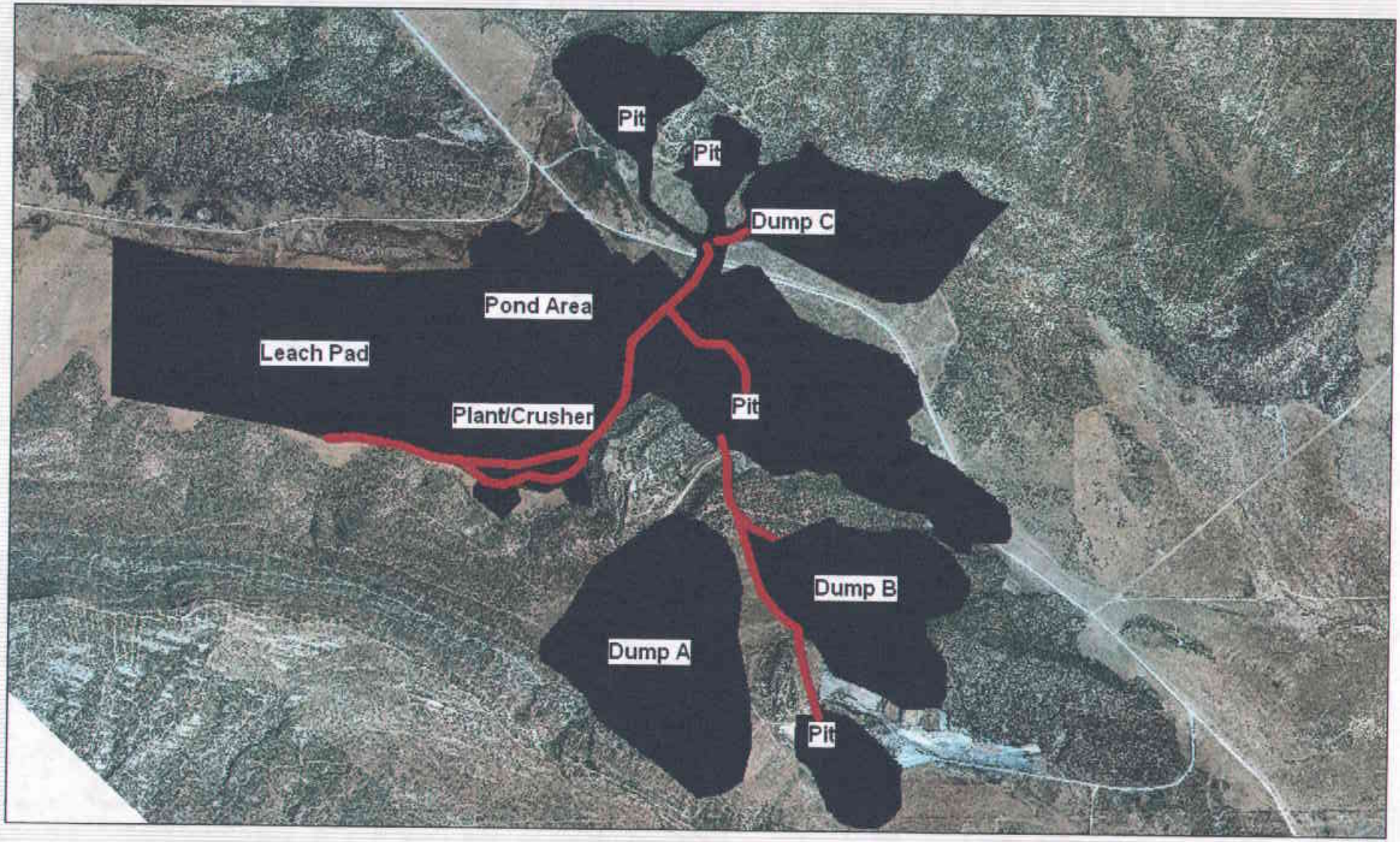
1. Please provide the most up-to-date reclamation scope, cost estimate, and timeline/cash flow.
2. Please provided an updated Reclamation Scope of Work and describe how it has changed in comparison to the original scope in terms of the following (figures would be very useful for this):
   a. Disturbed area.
   b. Reclamation methods
   c. Reclamation cost
   d. Reclamation schedule
3. What areas of the site have already completed reclamation?
4. What areas of the site do not need reclamation because they were never disturbed?
5. Will the reclamation be done in a different sequence than originally planned due to early mine closure?
6. Is there any reclamation work that is required that was not part of the original scope?
7. During the site visit, we would like to see examples of (a) areas where reclamation has been completed; (b) areas where reclamation is currently being conducted; (c) areas where reclamation is no longer required because no disturbance occurred.
8. Are there sufficient areas of available and stockpile growth medium material?

LISBON VALLEY MINING CO

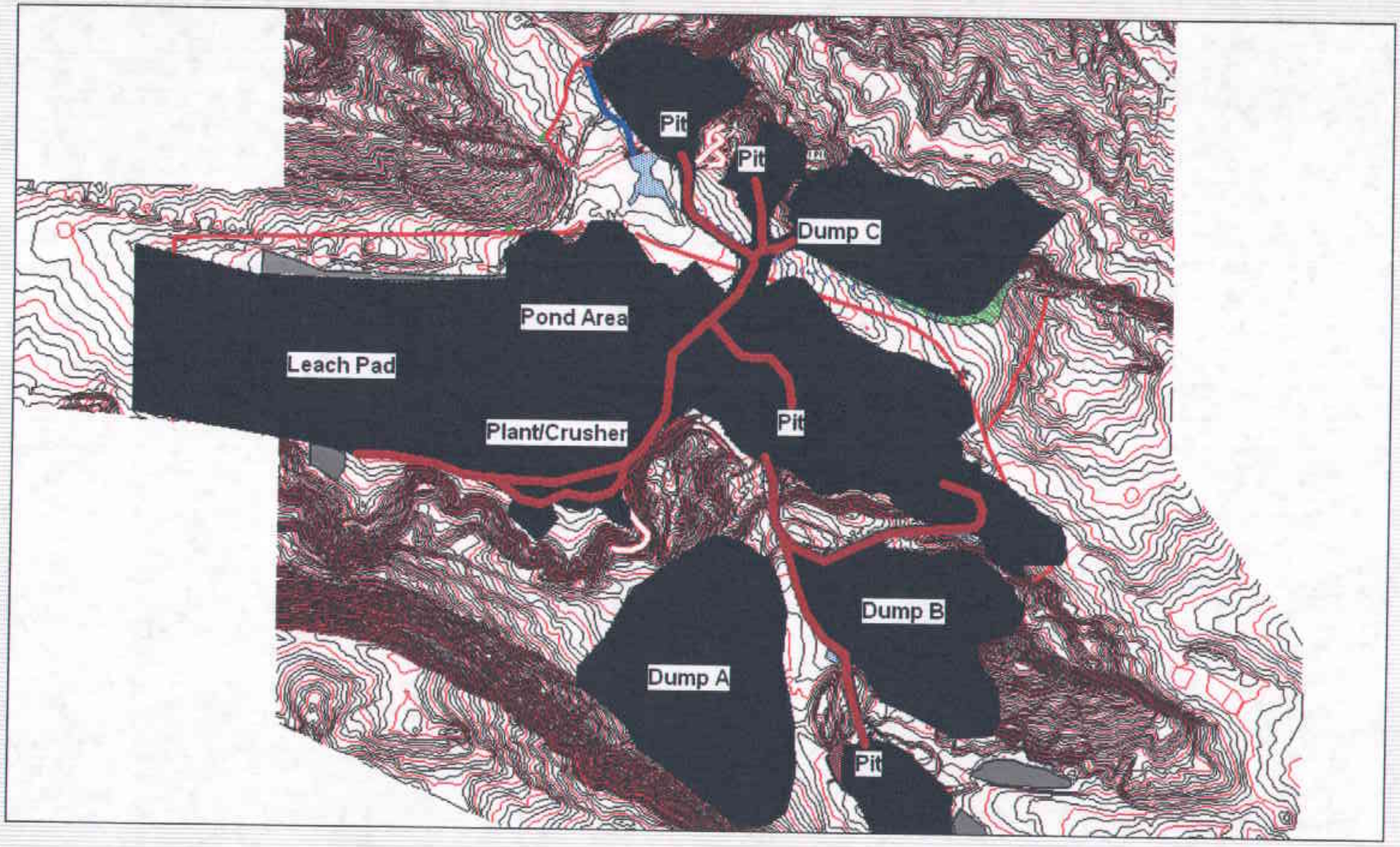
- Original Mine Plan – 1100 acres disturbance
- Original Bond Estimate - $11M

Permitted (Plan) Disturbance - 1100 Acres

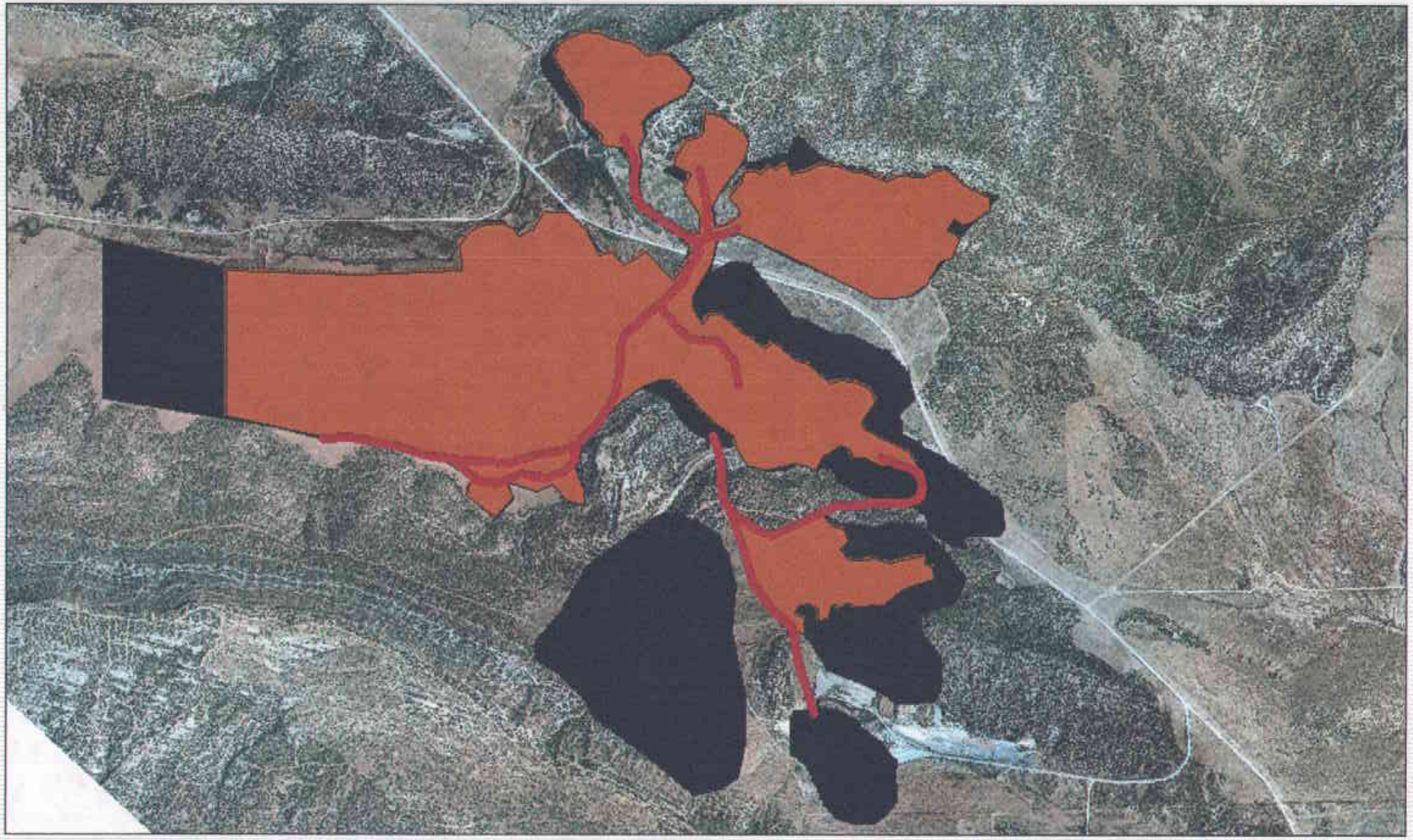
Plan Facility Layout



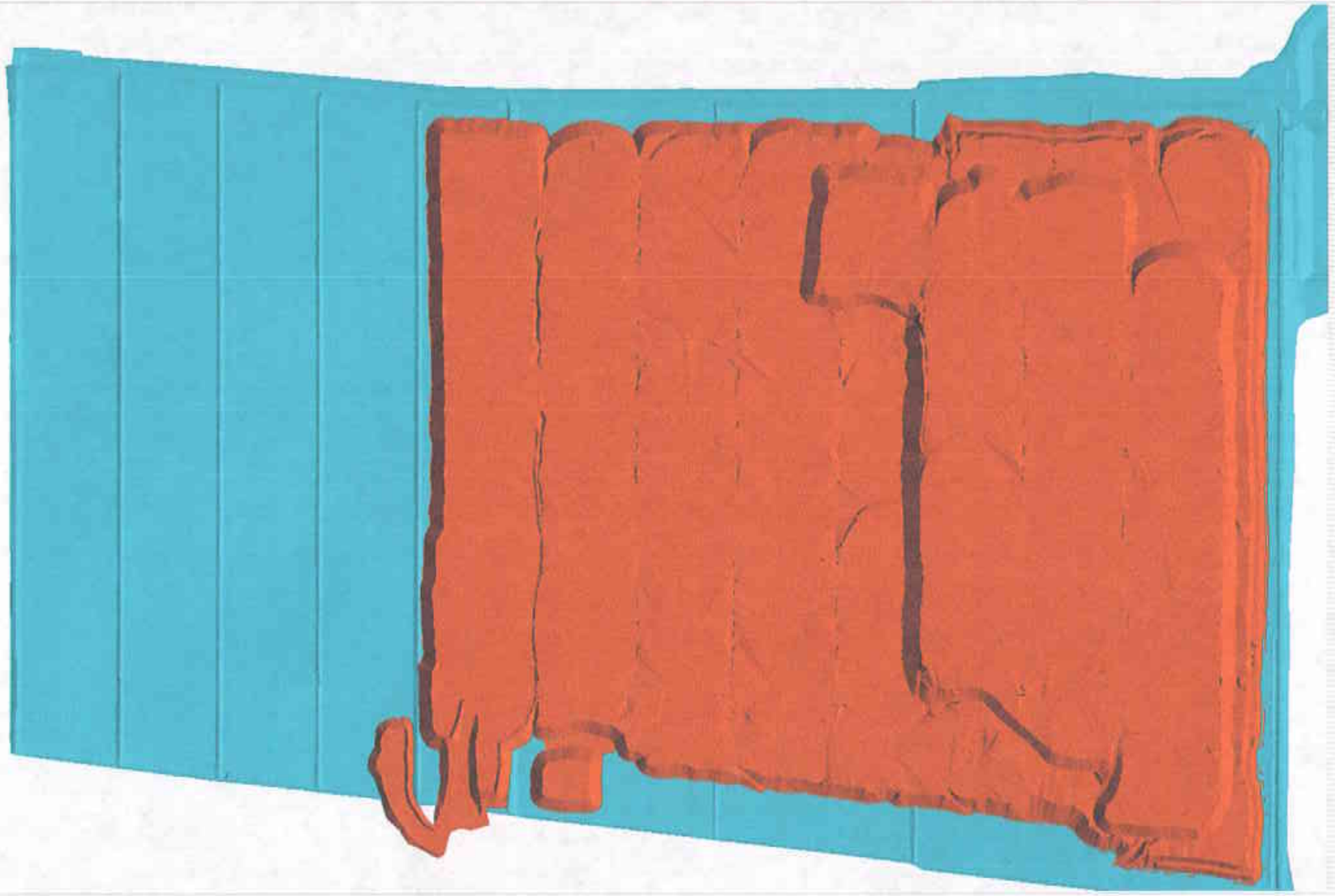
Plan Disturbance on As-Built Topo Base (Fig 1-4)



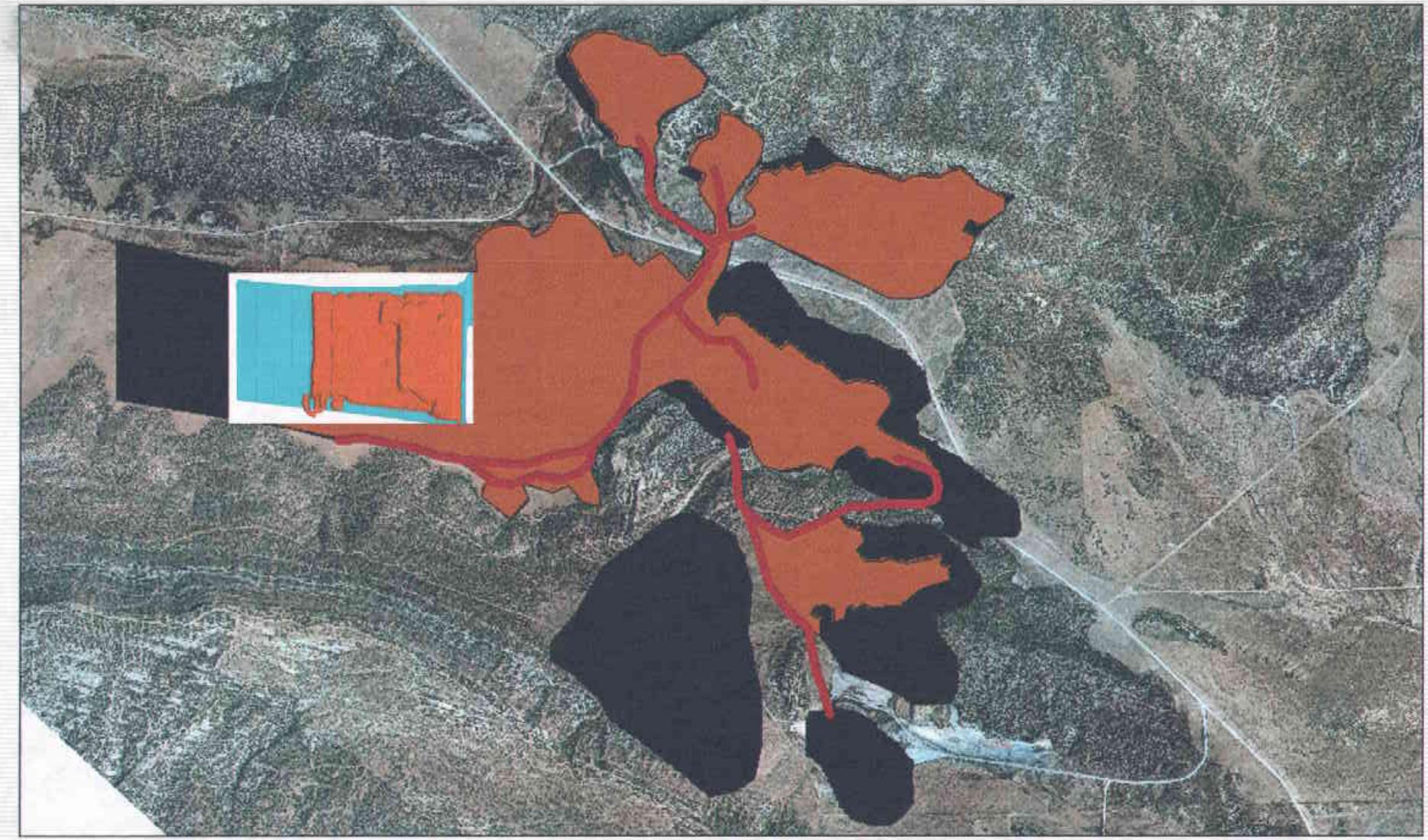
As-Built Mine Disturbance - 675 acres



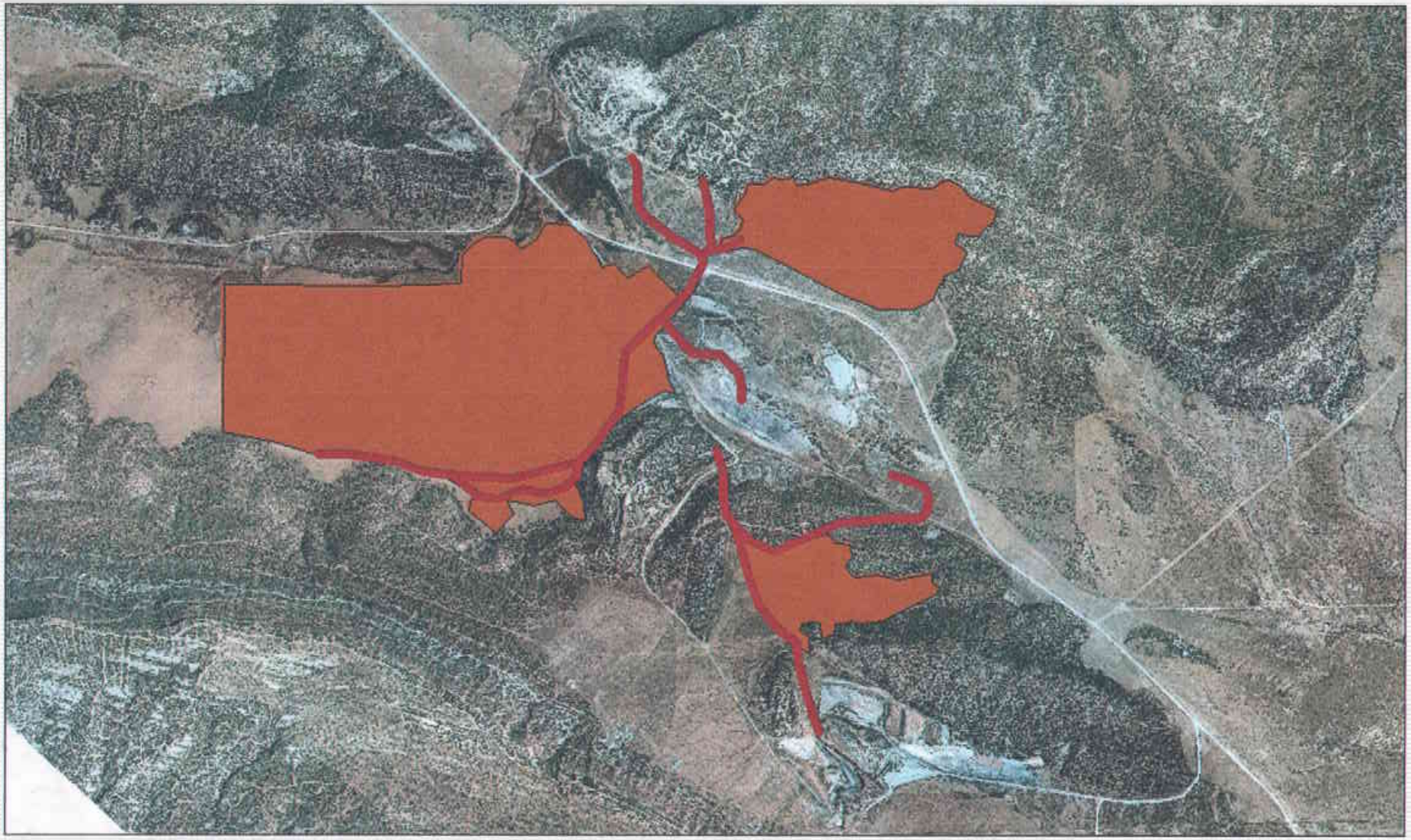
Permitted Heap – 45M Tons
As-Built Heap – 11.4 M Tons



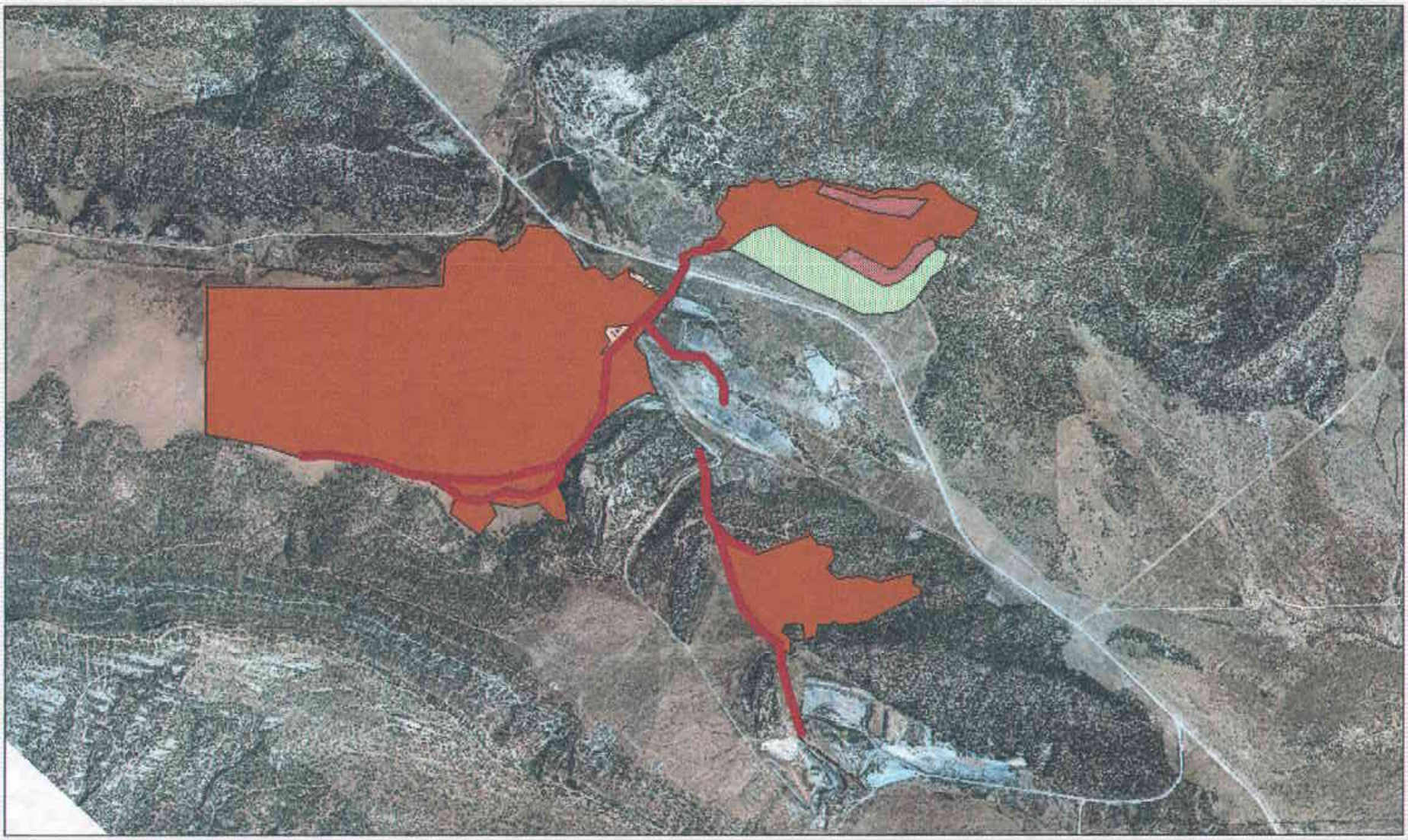
As-Built Mine Disturbance Showing Heap



As-Built Reclamation Disturbance – Approx. 460 acres



Concurrent Reclamation through 9-1-08



Original Bond Framework

- **Direct costs** for earthwork comprise about 75% of the bond estimate. Original earthwork costs were based on facility areas (acreage/square yards) multiplied by unit costs for yards of material. Five unit costs were used. These included grading (1.25/yd), scarification (0.20/yd), clay placement (2.50/yd), overburden placement (2.50/yd), topsoil placement (1.25/yd). A one-time mobilization of 35k was included in direct costs.
- **Indirect costs** (remaining 25%) included a lump sum for plant dismantling (450k), along with percentage costs for project management (3%) engineering (5%) and contingency (10%).
- All of these unit costs have been **escalated** 2.58%/yr from 1997 thru 2005, 1.6%/yr in 2006-2007, then 3.2%/yr thereafter.

Topsoil 1.25/yd^3

Escalation of Unit Costs 1997-2008

	1997	2005	2006	2007	2008	2009	2010	2011	2012
	2.58	2.58	1.6	1.6	3.2	3.2	3.2	3.2	3.2
Activity					**Unit Costs DOGM Estimate**				
Grading	1.2500	1.5325	1.5570	1.5819	1.6326	1.6848	1.7387	1.7943	1.8518
Scarification	0.2000	0.2452	0.2491	0.2531	0.2612	0.2696	0.2782	0.2871	0.2963
Topsoil	1.2500	1.5325	1.5570	1.5819	1.6326	1.6848	1.7387	1.7943	1.8518
Overburden	2.5000	3.0650	3.1140	3.1639	3.2651	3.3696	3.4774	3.5887	3.7035
Clay	2.5000	3.0650	3.1140	3.1639	3.2651	3.3696	3.4774	3.5887	3.7035

2008 As-Built Ranges of Cost

Grading- $0.21-1.00
Scarification- $0.06-0.25
Topsoil- $0.17-~~1.00~~ 1.15
Overburden- $3.10
Clay- $2.80

Cost Table Adjustments

- Five unit costs for earthwork, estimated in 1997, were used to determine the 2007 bond based on annual escalation rates ranging from 2.58-3.2%
- In 2008 LVMC adjusted the cost table to 2008 actual costs based on as-built conditions.
- The adjustment detailed unit costs per facility based on equipment production rates and cycle times from growth media/overburden stockpiles.
- The present value internal reclamation estimate is approx 4.5M
- The regulatory bond estimate is approx 5.5M. This estimate includes highest unit cost per facility, escalation, and 10% contingency.

No Change in Scope

"The intent with the construction of the dumps is to build them such that the side slope with intermediate benches is constructed at an angle of 2.5:1. With this design, the requirement of grading these slopes will be relatively easier than if the dumps were designed at angle of repose and they had to be graded from top to bottom."

Original 1997 Plan of Operations pg. 38

No Change in Scope

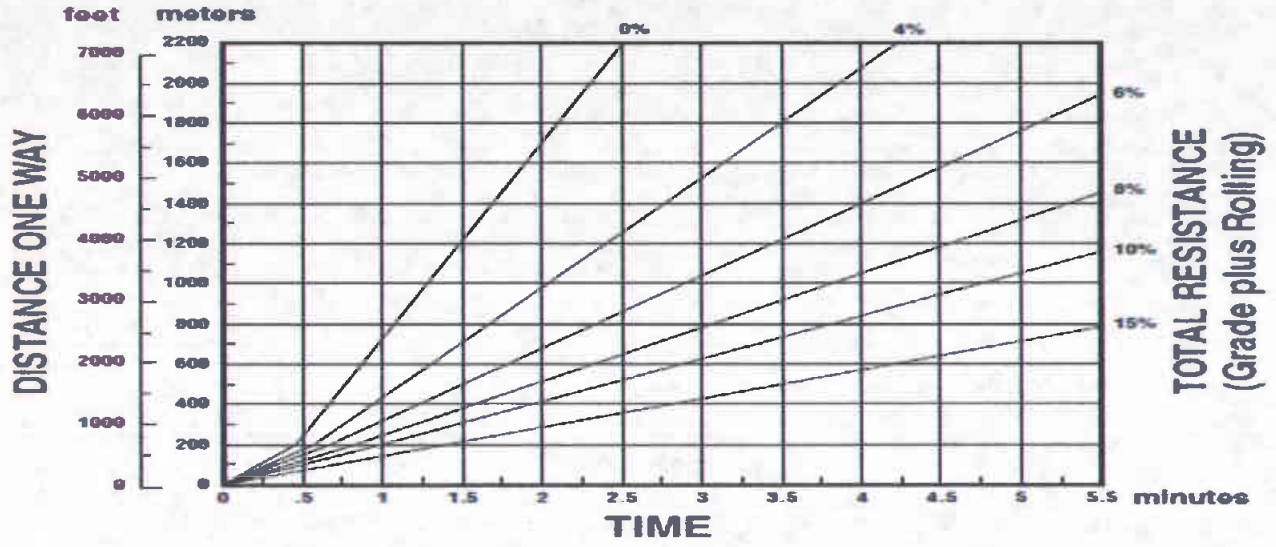
"Once the heap closure chemical parameters are met, the pad will be recontoured. The slopes of the pad will then be reduced to a slope of 2.5:1."

Original 1997 Plan of Operations pg. 39

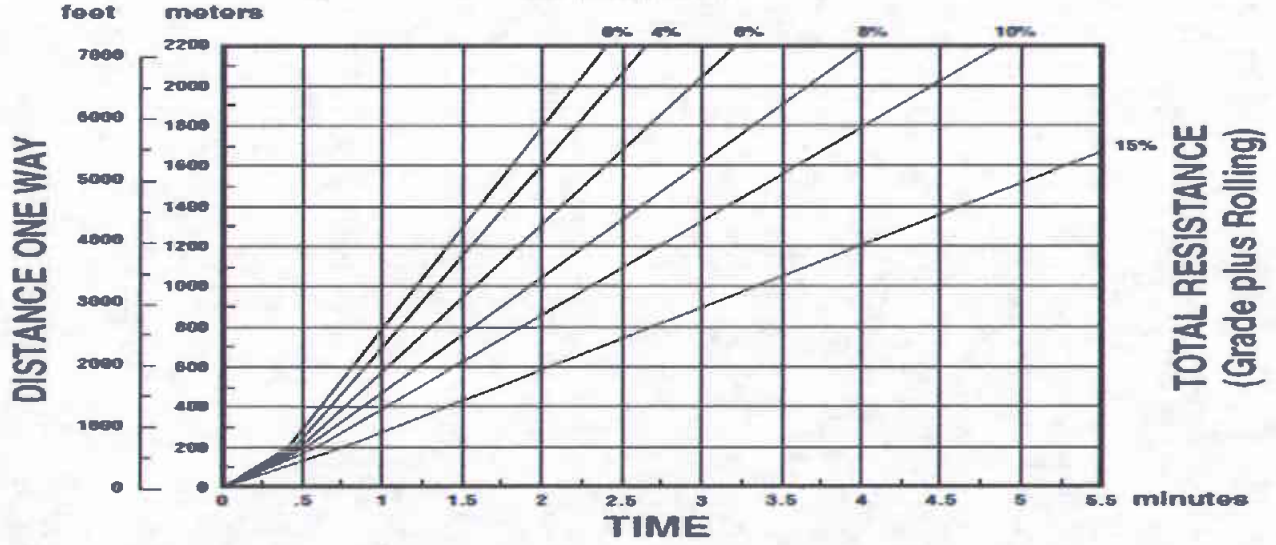
Articulated Trucks

740 Travel Time — Loaded/Empty
- 29.5R25 Tires
- Preliminary Information

LOADED



EMPTY

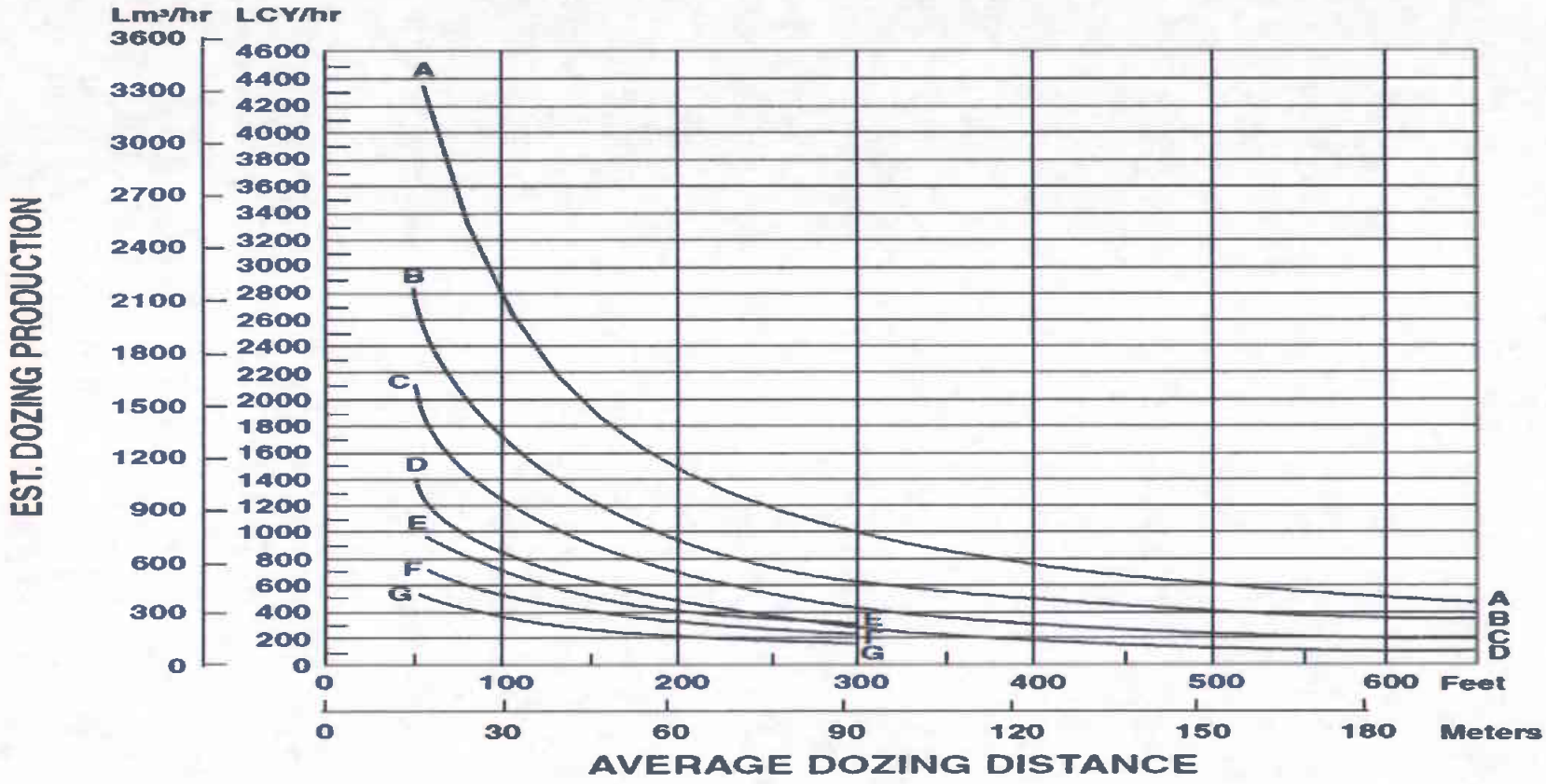




MODEL	735		740		740 Ejector	
Flywheel Power	272 kW	365 hp	310 kW	415 hp	310 kW	415 hp
Operating Weight (Empty)*	29 860 kg	65,830 lb	32 690 kg	72,070 lb	35 270 kg	77,770 lb
Top Speed (Loaded)	55.9 km/h	34.7 mph	55.7 km/h	34.6 mph	55.7 km/h	34.6 mph
GMW — Gross Machine Weight	62 560 kg	137,920 lb	70 690 kg	155,850 lb	73 270 kg	161,560 lb
Distribution Empty:						
Front	59.1%		58.4%		56.4%	
Center	21.6%		21.8%		22.8%	
Rear	19.3%		19.8%		20.9%	
Distribution Loaded:						
Front	34.6%		34%		29.4%	
Center	33.3%		33.5%		35.6%	
Rear	32.1%		32.5%		34.8%	
Max. Capacity**	32.7 t	36 T	38.1 t	42 T	38.1 t	42 T
Struck (SAE)	14.7 m^3	19.3 yd^3	17.4 m^3	22.8 yd^3	17.8 m^3	23.3 yd^3
Heaped (2:1) (SAE)	24.3 m^3	31.8 yd^3	22.9 m^3	30 yd^3	23.1 m^3	30.2 yd^3
Engine Model	3406E ATAAC		3406E ATAAC		3406E ATAAC	
No. Cylinders	6		6		6	
Bore	137 mm	5.4"	137 mm	5.4"	137 mm	5.4"
Stroke	165 mm	6.5"	165 mm	6.5"	165 mm	6.5"
Displacement	14.6 L	893 in^3	14.6 L	893 in^3	14.6 L	893 in^3
Tires, Front, Center, Rear	26.5R25 Radials		29.5R25 Radials		29.5R25 Radials	
Circular Clearance Diameter	17.2 m	56'5"	17.2 m	56'5"	18.8 m	59'8"
Fuel Tank Refill Capacity	560 L	148 U.S. gal	560 L	148 U.S. gal	560 L	148 U.S. gal
GENERAL DIMENSIONS (Empty):						
Height to Cab Top	3.7 m	12'1"	3.75 m	12'4"	3.75 m	12'4"
Wheel Base (Front-Center of Bogie)	5.23 m	17'2"	5.23 m	17'2"	5.58 m	18'4"
Overall Length	10.89 m	35'9"	10.89 m	35'9"	11.59 m	38'0"
Loading Height (Empty)	2.97 m	9'10"	3.18 m	10'5"	3.07 m	10'1"
Height at Full Dump	6.96 m	22'10"	7.07 m	23'2"	—	
Body Length	6.25 m	20'6"	6.28 m	20'7"	6.72 m	22'0"
Width (Operating)	3.3 m	10'10"	3.43 m	11'2"	3.5 m	11'6"
Front Tire Tread	2.64 m	8'7"	2.69 m	8'10"	2.69 m	8'10"

*Includes coolant, lubricant and full fuel tank.
**Rating dependent on optional equipment. Maximum gross weight (empty weight plus payload) should not be exceeded.

ESTIMATED DOZING PRODUCTION • Semi-Universal Blades • D6N through D11R

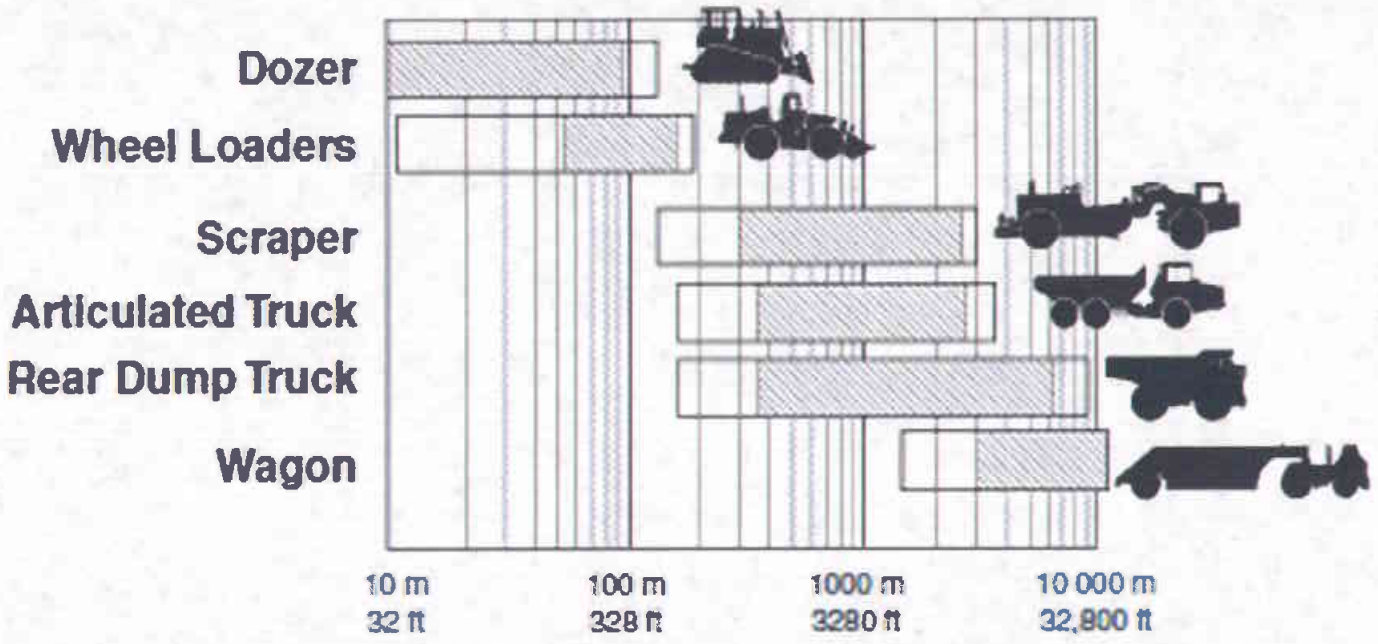


KEY

A — D11R-11SU
B — D10R-10SU
C — D9R-9SU
D — D8R/D8R Series II-8SU
E — D7R Series II-7SU
F — D6R Series II-6SU
G — D6N-6SU

NOTE: This chart is based on numerous field studies made under varying job conditions. Refer to correction factors following these charts.

GENERAL HAUL DISTANCES FOR MOBILE SYSTEMS



Cubic Yards per 60 Minute Hour*

ESTIMATED CYCLE TIMES		ESTIMATED BUCKET PAYLOAD** — LOOSE CUBIC YARDS																			ESTIMATED CYCLE TIMES	
Cycle Time																					Cycles Per Min.	Cycles Per Hr.
Seconds	Min.	0.25	0.50	0.75	1.00	1.25	1.50	1.75	2.00	2.25	2.50	2.75	3.00	3.25	3.50	3.75	4.00	4.50	5.00	5.25		
10.0	0.17																				6.0	360
11.0	0.18																				5.5	330
12.0	0.20	75	150	225	300	375															5.0	300
13.3	0.22	67	135	202	270	337	404	472	540	607	675	742	810	877	945	1012	1080	1215	1350	1417	4.5	270
15.0	0.25	60	120	180	240	300	360	420	480	540	600	660	720	780	840	900	960	1080	1200	1260	4.0	240
17.1	0.29	52	105	157	210	262	315	367	420	472	525	577	630	682	735	787	840	945	1050	1102	3.5	210
20.0	0.33	45	90	135	180	225	270	315	360	405	450	495	540	585	630	675	720	810	900	945	3.0	180
24.0	0.40	37	75	112	150	187	225	262	300	337	375	412	450	487	525	562	600	675	750	787	2.5	150
30.0	0.50	30	60	90	120	150	180	210	240	270	300	330	360	390	420	450	480	510	600	630	2.0	120
35.0	0.58	36	51	77	102	128	154	180	205	231	256	282	308	333	360	385	410	462	513	535	1.7	102
40.0	0.67					112	135	157	180	202	225	247	270	292	315	337	360	405	450	472	1.5	90
45.0	0.75									180	200	220	240	260	280	300	320	360	400	409	1.3	78
50.0	0.83																				1.2	72

Job Efficiency Estimator

Work Time/Hour	Efficiency
60 Min	100%
55	91%
50	83%
45	75%
40	67%

*Actual hourly production = (60 min. hr. production) × (Job Efficiency Factor)
**Estimated Bucket Payload = (Amount of Material in the Bucket)
= (Heaped Bucket Capacity) × (Bucket Fill Factor)
Unshaded area indicates average production.